

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

02/01/21
01:15 PM

Order Instituting Rulemaking to Continue
Electric Integrated Resource Planning and
Related Procurement Processes.

Rulemaking 20-05-003
(Filed May 7, 2020)

**REPLY COMMENTS OF CENTER FOR ENERGY EFFICIENCY AND
RENEWABLE TECHNOLOGIES ON PROPOSED DECISION TRANSFERRING
ELECTRIC RESOURCE PORTFOLIOS TO CALIFORNIA INDEPENDENT SYSTEM
OPERATOR FOR 2021-2022 TRANSMISSION PLANNING PROCESS**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

February 1, 2021

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submit these Reply Comments on the Proposed Decision Transferring Electric Resource Portfolios to California Independent System Operator for 2021-2022 Transmission Planning Process, issued in (R.) 20-05-003 (Integrated Resource Plan (IRP), on January 7, 2021 (Proposed Decision). These Reply Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the instructions contained in the Proposed Decision.

**I.
THE PROPOSED DECISION FAILS TO IMPLEMENT THE LONG-TERM PLANNING
OBJECTIVE OF THE IRP PROCESS**

According to the Order Instituting Rulemaking, one of the major objectives of this proceeding is to “address ongoing oversight of the IRP planning process and the procurement necessary to achieve the goals set by the Legislature in [Senate Bill (SB)] 350 and SB 100, as well as by the Commission in R.16-02-007.”¹ CEERT believes the California Public Utilities Commission (the Commission) fails to meet this long-term planning objective in the Proposed Decision.

Western Grid Development LLC (Western Grid) is correct in that the

“...Commission’s IRP Proceedings are woefully behind schedule in transitioning to the clean reliable least cost resource portfolio for the future envisioned by SB100... One need look no further than the rolling blackouts this past summer and the emergency purchase of 3,300 MW’s of generating capacity ordered by the CPUC and the procurement acceleration proceeding that is currently under way.

¹ Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes, at p. 2.

Transmission that has a ten-year lead time must be planned and approved now....Suboptimal resource solutions will result from the lack of proper transmission planning.”²

The aforementioned emergency procurement orders underscore the continuing failure of the current IRP planning and procurement process. Due to the lack of regular procurement action, the Commission continues to sporadically order emergency procurement, creating market uncertainty and further thwarting clean energy development. Thus, CEERT aligns with American Clean Power – California’s (ACP – California’s) concern that

“...the interaction between the [IRP] and [Transmission Planning Process (TPP)] is severely flawed and – without significant attention to procedural reform and holistic transmission planning – will undermine confidence in the Commission’s procurement order and jeopardize the state’s ability to meet its clean energy and climate requirements.”³

California’s clean energy transition will not be successful if this feedback loop of inadequate resource and transmission planning and irregular procurement continues— resulting in reliance on inefficient gas plants which adversely affect public health in disadvantaged communities and impose higher costs on ratepayers.

The California Environmental Justice Alliance and the Sierra Club (CEJA and Sierra Club) correctly state that the “...high-GHG, 46 MMT base case...will not enable California to meet its GHG and air quality requirements, increases dangerous emissions in disadvantaged communities...fails to ensure reliability, and does not reflect [load-serving entity (LSE)] plans.”⁴ CEERT agrees with CEJA and Sierra Club, Defenders of Wildlife (Defenders), and ACP – California that the 46 MMT Base Case scenario is inconsistent with state greenhouse gas (GHG) reduction goals and will not ensure reliability due to the lack of planning for sufficient resources and infrastructure buildout.⁵

Reliability and high renewable energy penetration are symbiotic characteristics of a successful, clean electric grid. Therefore, CEERT strongly agrees with CEJA and Sierra Club and the California Wind Energy Association (CalWEA) that this Proposed Decision fails to

² Opening Comments of Western Grid, at pp. 5 & 8.

³ Opening Comments of ACP – California, at p. 2.

⁴ Opening Comments of CEJA and Sierra Club, at p. 1.

⁵ Opening Comments of CEJA and Sierra Club, at p. 1; Opening Comments of Defenders, at p. 3; Opening Comments of ACP – California, at pp. 2-3.

facilitate the development of a clean, reliable grid.⁶ Not only is 46 MMT target too high to meet the State's climate goals, but it lacks the resource diversity to maintain a reliable system, such as geothermal resources, various long-duration energy storage technologies, and hybrid solar + storage. Thus, CEERT concurs with CEJA and Sierra Club's warning that "the Commission cannot continue sending portfolios to CAISO that are virtually the same as the prior transmission planning portfolios, year after year, and expect California to meet its climate and air quality requirements."⁷

As such, CEERT agrees with CalWEA, Green Power Institute (GPI) ACP – California, and Western Grid that the Commission must adopt a lower emission target of *at most* 38 MMT to enable California to meet these goals simultaneously.⁸ Moving expeditiously towards a lower GHG planning target will allow the State to plan for and implement the orderly and just transition away from natural gas while increasing grid reliability, beginning with plants in the LA Basin and San Joaquin Valley local capacity areas.⁹

II. THE COMMISSION SHOULD TAKE PROACTIVE STEPS TO IMPROVE THE IRP PROCESS

CEERT maintains that the Commission must be proactive in improving the IRP process to allow California to meet its climate and clean energy goals. Specifically, CEERT recommends the Commission continue to work towards increased transparency in the IRP process, as highlighted by CalWEA's concern that its comments were not "truly considered or understood."¹⁰ Furthermore, to ensure that the optimal portfolios are transmitted to the CAISO and to maximize the effectiveness of long-term planning and procurement processes, CEERT supports the California Energy Storage Alliance's (CESA's) recommendation that the Commission "...formally integrate loss-of-load expectation...studies and greenhouse gas...emissions checks into future portfolios transferred to the TPP process to avoid potential shortcomings of the transmission upgrades identified in the TPP."¹¹ Considering the inadequate reliability and GHG analysis of the portfolios in this Proposed Decision, CEERT agrees this

⁶ Opening Comments of CEJA and Sierra Club, at p. 1; Opening Comments of CalWEA, at p. 1.

⁷ Opening Comments of CEJA and Sierra Club, at p. 5.

⁸ Opening Comments CalWEA at p. 5; Opening Comments of GPI, at p. 1; Opening Comments of ACP – California, at p. 2; and Opening Comments of Western Grid, at p. 5.

⁹ Opening Comments of CEJA and Sierra Club, at p. 4.

¹⁰ Opening Comments of CalWEA, at p. 2.

¹¹ Opening Comments of CESA, at pp. 2-3.

necessary adjustment will help ensure that reliability and emission targets are accounted for in transmission and resource planning.

Additionally, CEERT believes that better coordination within the Commission, between California's regulatory agencies, and with external entities will help the IRP become a more comprehensive and effective planning and procurement process. Therefore, in addition to its steadfast recommendation for *en banc* meetings throughout this IRP process, CEERT supports Defender's recommendation to implement the joint agency and balancing authorities transmission technical working group, as outlined in the *Final Root Cause Analysis Report*, to evaluate the transmission options and constraints from the SB 100 scenarios.¹² This transmission technical working group would allow the regulatory agencies to ensure that true, optimal, least regrets decisions are being made in regards to resource planning and procurement.

Furthermore, CEERT believes better coordination between the IRP and other relevant planning and procurement proceedings at the Commission, such as the Resource Adequacy (RA) (R.19-11-009), Gas System Planning (R.20-01-007), and Emergency Reliability (R.20-11-003) proceedings, is critical to an orderly transition away from natural gas and towards successful grid decarbonization. Thus, CEERT supports Western Grid's recommendation for the Commission to

“...to publicly transmit to the CAISO as part of the Resource Portfolio transmittal the [Local Capacity Requirement Area (LCRA)] and System RA procurement costs data it recommends for use in the 2021-22 TPP along with the Commission's rationale. Western Grid is especially interested in the Commission's analysis behind this RA data, and the extent to which the RA values capture all the incremental costs of ongoing operation and maintenance of gas plants.”¹³

Finally, CEERT urges the Commission to investigate successful planning and procurement strategies from utilities outside of the CAISO balancing area, such as the Los Angeles Department of Water and Power (LADWP) and the Sacramento Municipal Utility District (SMUD). These entities are taking a more holistic approach to grid decarbonization, building diverse resource portfolios to lower their dependence on fossil fuel generation and integrate high levels of renewable energy. Ormat Technologies, Inc.'s (Ormat's) analysis of the absence of geothermal resources in the Base Case portfolio highlights the divergence in the

¹² Opening Comments of Defenders, at p. 7.

¹³ Opening Comments of Western Grid, at p. 9.

Commission's narrow planning approach and other, more complete clean energy integration efforts:

"...the fact that [LSE] 2020 IRPs are selecting new geothermal (and committing to continuing some expiring geothermal contracts) and the sophisticated resource planning analysis conducted by LADWP has also selected new geothermal, shows that there is a significant flaw in this year's IRP results."¹⁴

The Commission must work to develop a more comprehensive planning process, rectify the discrepancies between its analysis and actual grid and market activities, and lower the regulatory barriers preventing California from meeting its climate and clean energy goals.

III. CONCLUSION

CEERT appreciates the opportunity to file these reply comments on the Proposed Decision. CEERT strongly urges the Commission to move expeditiously towards a lower GHG planning target. Along with numerous other parties in this proceeding, including many of the State's LSEs, CEERT believes it is essential that the Commission use a 38 MMT planning target *or lower* to effectively transition and decarbonize California's electricity grid. In the face of future capacity retirements, increased electrification of other sectors of the State's economy, and the necessary commitment to its ratepayers, it is critical that the Commission take immediate, bold steps forward to implement California's decarbonization goals cost-effectively and justly.

Respectfully submitted,

February 1, 2021

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¹⁴ Opening Comments of Ormat, at pp. 2-3.